

Annual Governance Statement

1. Scope of Responsibility

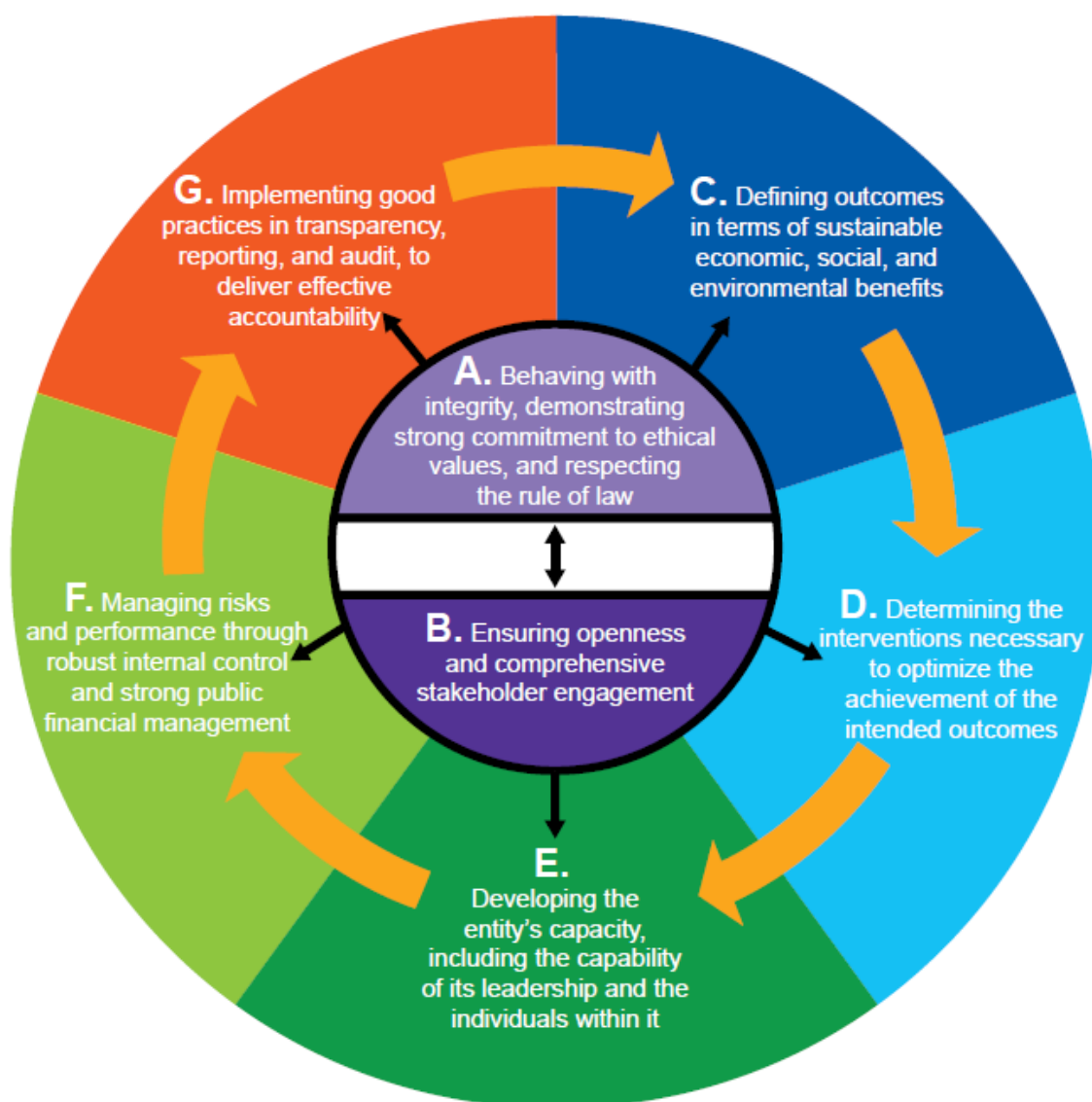
- 1.1 West Berkshire Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. West Berkshire Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, West Berkshire Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 This Statement explains how West Berkshire Council has complied with the Code and also meets the requirements of regulation 6(1)(a) of the Accounts and Audit Regulations 2015 in relation to the review of its system of internal control in accordance with best practice, and that the review be reported in an Annual Governance Statement.

2. The Purpose of the Governance Framework

- 2.1 The purpose of the governance framework is to ensure that the authority directs and controls its activities in a way that meets standards of good governance and is accountable to the community. It does this by putting in place an organisational culture and values which drive a responsible approach to the management of public resources, supported by appropriate systems and processes, and ensuring that these work effectively. It works with the Council's Performance Management Framework to ensure that the Council has in place strategic objectives reflecting the needs of the community and is monitoring the achievement of these objectives through delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of West Berkshire Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at West Berkshire Council for the year that ended 31 March 2025 and up to the date of approval of the Statement of Accounts. The Governance Committee approved a Code of Local Governance at its meeting in April 2021 which supports the framework for the compilation of the Annual Governance Statement.

3. The Principles of Good Governance

- 3.1 The CIPFA/SOLACE framework Delivering Good Governance in Local Government sets out seven core principles of good governance, these are:



- 3.2 An assessment of the Council's performance against each of those principles over the past year has been undertaken to help inform this review of governance.

4. Methodology for preparing the Annual Governance Statement

- 4.1 The Annual Governance Statement has been prepared using a process similar to that used in previous year, including: -

- Review of the proposed annual Internal Audit report opinion and quarterly internal audit progress reports.
- The work of the Finance and Governance Group reviewing the Constitution on annual basis and referring changes to the Governance Committee and Council.
- The Governance Committee approves the Annual Governance Statement at the same time as the final approval of the financial statements and is signed off by the Chief Executive and Leader of the Council.
- Review of the Corporate Risk Register by the Corporate Board (quarterly) and Governance Committee (twice yearly)
- Responding positively to external regulators such as OFSTED, the Information Commissioner, the Local Government Ombudsman, the Care Quality Commission (CQC) and external auditor KPMG.

5. **The Governance Framework**

5.1 There are a number of key elements to the systems and processes that comprise the Council's governance arrangements. These elements form our local Code of Governance and these are underpinned by the CIPFA / SOLACE framework above and core principles of good governance which are: -

- Focusing on the purpose of the authority and on outcomes for the local community and creating and implementing a vision for the local area.
- Members and Officers working together to achieve a common purpose with clearly defined functions and roles.
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
- Taking informed and transparent decisions which are subject to effective scrutiny and managed risk.
- Developing the capacity and capability of Members and officers to be effective.
- Engaging with local people and other stakeholders to ensure robust public accountability

5.2 The Council has arrangements for managing risk in its Risk Management Strategy which was endorsed by the Governance Committee and approved by the Executive in December 2024. During the 2024-25 financial year the Council has had a follow up to the LGA Corporate peer review, and invited additional external independent reviews such as the LGA Digital 360 Peer Review, and a Children's Services LGA Peer review.

Review of effectiveness

- 6.1 The authority has a statutory responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of Heads of Service / Service Directors who have responsibility for the development and maintenance of a sound governance environment and is supported by the Corporate Programme Office. This review is articulated in the Code of Corporate Governance approved by the Governance Committee in April 2021 (due to be updated in July 2025).
- 6.2 It is important to reflect on the previous year's key areas for improvement and its impact on governance. The main item that has dominated the year 2024-25 has been financial sustainability. The provisional outturn position for 2024/25 is £181.2 million of net expenditure against a net budget of £165.2m, with an adjusted overspend position of £6.77m. The position continues to be driven primarily by social care demand pressures detailed below, and capital financing costs attributable to financing the deficit position relating to the DSG and the High Needs Block.
- 6.3 The Council continues to experience pressures across social care budgets, so that whilst demand was lower than modelled in Adult Social care, the cost of packages has increased significantly. Although the Council has significantly reduced the overall use of agency staff, the need to have staff in Care Homes to provide appropriate levels of care to residents has resulted in an agency overspend in that area of £1.3m. There are also pressures in Children's Services where the complexity of needs continues to rise with increasing numbers of children requiring support in specialist residential placements. Transformation funding has been allocated to support the creating of a Children's Commissioning Team to ensure that the Council secures placements that are both appropriate and affordable. The Education and SEND Teams were overspent by £2.4m due to increased home to school transport provision, and the increased complexity of placements being procured. The cost of emergency accommodation was overspent by £900k. Pressures in Finance of £1.8m arose due to an adjustment to housing benefit payments to housing rent accounts, and pressures where property was not sold when anticipated (resulting in an overspend) and pressures where commercial property was sold mid-year causing a shortfall in the budgeted income for that property.
- 6.4 The financial situation of the Council remains extremely difficult. Exceptional Financial Support (EFS) funding has been secured to mitigate the impact of the 2024/25 outturn on the Council's General Fund and our previous forecasts have proved sufficiently accurate for the requested amount to be correct. However, EFS is short-term assistance, not a long-term solution. EFS funding must be repaid with interest, and savings must be found to close the projected gap in the budget and end our reliance on this additional borrowing. This item has therefore been retained within the AGS due to the request for EFS from Central Government.
- 6.5 The Council has been included in the Department for Education's 'delivering better value' (DBV) programme for Special Education Needs and Disability services. Any Council in this programme has been highlighted as having a significant deficit on the High Needs Block element of the Dedicated Schools Grant and that this needs to be reduced. At present, an accounting treatment exists whereby the deficit is not a cost of the Council. Once this treatment ends, and with the deficit as it stands, the Council would be very

likely to issue a s114 notice, with this signifying effective bankruptcy. Therefore, through the DBV programme and the accompanying funding provided by Central Government, the Council must consolidate a plan to reduce the deficit in the future and minimise any financial risk to the local taxpayer. The work of the DBV programme is currently being embedded into business-as-usual processes of the Council, to ensure that progress against the programme is maintained and effectively monitored.

6.6 The transformation programme has continued to deliver against the agreed programme and the Transformation and Corporate Programme Board has been reviewed to ensure appropriate oversight of the Transformation programme by Members of the Executive and the Senior Leadership Team. There have been some unavoidable delays to the delivery of projects, with consequential impacts on budgets. Given the financial position of the Council, and the need to transform services to reduce financial pressures, this is another area that remains an area of focus for the year ahead to increase effectiveness, economy and efficiency.

7. Key Governance areas for improvement

7.1 The Council faces a number of issues and areas of significant change that will require consideration and action as appropriate over the coming year and these are:

Issue	Detail	Action	Owner / Date
Financial Resilience and Sustainability	Ensuring adequate levels of reserves, the achievability and delivery of savings, and the identification of further savings in light of a very high savings requirement required to meet ongoing pressures.	A review of the terms of reference of the Financial Review Panel, to commence an in detail review of all Department Budgets. A revised and enhanced budget setting cycle implemented. Quarterly reporting to the Executive and Scrutiny commission	Executive Director (Resources) – February 2026
Delivering better value in Special Educational Needs and Disability services programme	Delivery of the programme to identify and reduce costs in the High Needs Block. The deficit on the High needs Block (within the Dedicated Schools Grant) has	Implementation of the actions detailed in the plan to deliver reducing High Needs Block overspends Respond effectively to the Government's	Executive Director (People – CFS) – March 2026

	been growing in recent years and is only being kept outside of the Council's general fund through a Government accounting adjustment (which has recently been extended to 2027-28).	SEND reforms due in Autumn 2025	
The delivery of an expanded and focussed Transformation programme	The initial transformation programme was a two-year programme, so the Council should take the opportunity to review delivery against that and to review the priorities for the next two years. Delivering and monitoring of the core transformation programme, ensuring there is sufficient resourcing for this, and ensuring wider transformation across the Council to deliver services more efficiently and effectively. This includes a clear link to business case with demonstrable benefits for each project.	Identification and delivery of transformation schemes included in the current year and next year's budget proposals.	Service Director (Transformation) February 2026
Conduct a Review of Project Management arrangements	The Council is undertaking a number of large transformation projects and also	Ensure that officers involved in running projects are using an updated and improved	Service Director Transformation and Executive Director Resources

across the Council	needs to continue to deliver important business as usual services to our communities. This requires that the Council has systems for robust and appropriate Project Management arrangements to ensure that projects are delivered in a manner that supports efficiency and effectiveness.	methodology. This will be achieved by a review of the methodology applied to support Programme and Project Management across the Council. This review needs to provide an appropriate prioritisation tool and a method by which the Council can better monitor the benefits realisation of its projects.	February 2026
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8. Assurance Summary

- 8.1 Good governance is about operating properly. It is the means by which the Council shows that it is taking decisions for the good of its residents, in a fair, equitable and open way. It also requires standards of behaviour that support good decision making – collective and individual integrity, openness and honesty. It is the foundation for the effective delivery of good quality services that meet the needs of the users. It is fundamental to demonstrating that public money is well spent. Without good governance, the Council would find it difficult to operate services successfully.
- 8.2 The Internal Audit Opinion for 2024/25 is that the Council’s framework of governance, risk management and management control is ‘reasonable’ and that audit testing carried out during the year has demonstrated controls to be working in practice. The assessments contained within this document highlight that there are effective arrangements in place to deliver good governance but that four key areas are highlighted to further improve our governance.
- 8.3 We propose, over the coming year, to take steps to help address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation during the year and as part of our next annual review.

Leader of the Council

Chief Executive

Date:

Date:

